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INFO RUEHZM/GULF COOPERATION COUNCIL COLLECTIVE PRIORITY
RUEHKO/AMEMBASSY TOKYO PRIORITY 0374
RUEHLO/AMEMBASSY LONDON PRIORITY 1267
RUEHFR/AMEMBASSY PARIS PRIORITY 1000
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S E C R E T SECTION 01 OF 02 KUWAIT 002813

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TAGS: [EAID](#) [PREL](#) [KU](#) [IZ](#) [KUWAIT](#) [IRAQ](#) [RELATIONS](#)
SUBJECT: SCENESETTER FOR JULY 21-22 VISIT TO KUWAIT OF
TREASURY DEPUTY SECRETARY KIMMIT AND DEPARTMENT COUNSELOR
ZELIKOW

REF: A. KUWAIT 2776: IRAQI PM MALIKI LEADS MINISTERIAL
DELEGATION ON WHIRLWIND VISIT TO KUWAIT
[1](#)B. KUWAIT 2066: NEA A/S WELCH'S JUNE 3 MEETINGS
WITH KUWAITI LEADERSHIP
[1](#)C. KUWAIT 1003: ARAB FUND DG ON AID FOR IRAQ AND
REGIONAL DEVELOPMENT COORDINATION

Classified By: CDA Matthew H. Tueller for reasons 1.4(b) and (d)

[1](#)1. (C) Welcome to Kuwait, Deputy Secretary Kimmitt, Counselor Zelikow, and delegation. Your visit comes during a period in which Kuwait has been active both domestically and regionally. Parliamentary elections, the first in which women participated as both voters and candidates, were held June 29. On July 12, the new Parliament, of which many members were elected on reform platforms, met for the first time and swore in a new cabinet. Iraqi Prime Minister Maliki, accompanied by a large ministerial delegation, visited Kuwait July 4-5 to discuss bilateral relations and reconstruction, and on July 8, Kuwait's Foreign Minister participated in a meeting on Iraq hosted by Iran. Kuwait has been a strong supporter of Iraq's political reform and economic reconstruction, and has released statements warmly welcoming the new government and has sought to expedite the implementation of reconstruction projects in the south. We have requested meetings with Prime Minister Shaykh Nasser Mohammed Al-Sabah, Deputy Prime Minister and Minister of Foreign Affairs Shaykh Dr. Mohammed Al-Sabah Al-Salem Al-Sabah, Finance Minister Bader Al-Humaidhi, Director General of the Kuwait Fund for Arab Economic Development Abdulwahab Al-Bader, and Director General of the Arab Fund for Economic and Social Development Abdulatif Al-Hamad.

GOK Political Support for New Iraqi Government

[1](#)2. (S/NF) The GOK considered PM Maliki's brief July 4-5 visit to Kuwait as "very very positive." Maliki made a good impression on GOK leadership and his reconciliation initiative received promises of "full support" from the Amir (ref A). The Amir proposed that Kuwait and Iraq establish a joint committee chaired by Foreign Ministers to meet periodically and discuss bilateral issues and also proposed the formation of an experts-level committee to address

investment and occasional border tensions. While in Kuwait, Maliki also met with the Kuwait Chamber of Commerce and Industry to discuss private Kuwaiti investment in Iraq's north.

13. (S/NF) In addition to its bilateral efforts in support of Iraq, Kuwait has actively participated in regional and international conferences on Iraq's future. While the GOK attended (somewhat reluctantly) the July 8 neighbors's meeting in Tehran, according to MFA contacts the Amir and Maliki questioned the usefulness of the neighbors' meetings and discussed developing a forum in which "three or four of Iraq's neighbors," those prepared to be practical and positive, could work closely with Baghdad to support the GOI in its efforts. Additionally, the MFA reacted positively to the USG's recent request that the GOK assume a role on the Steering Committee of the Iraq Compact.

14. (C/NF) The GOK and GOI have also agreed to the exchange of ambassadors. Iraq has a charge d'affaires in Kuwait and the Iraqi embassy, refurbished at GOK expense, is scheduled to formally open at the end of July. No Iraqi ambassador to Kuwait has been nominated. Kuwait has nominated Humanitarian Operations Center Chief and retired Chief of Staff Lt. General Ali Mu'min as its ambassador to Iraq.

GOK Commitments to Iraq's Reconstruction

15. (C/NF) Iraq owes Kuwait approximately \$11 billion in pre-Gulf War debt. Kuwait has agreed to meet the Paris Club commitment of 80% debt reduction, but will need legislative approval for the debt relief, a politically charged issue. Indeed, some members of the new Parliament in the inaugural session announced their opposition to debt forgiveness or

KUWAIT 00002813 002 OF 002

reduction unless outstanding compensation issues have been fully resolved. Parliament is expected to recess soon for the summer and post does not expect any action on debt until the fall.

16. (C/NF) Since the Madrid Conference, Kuwait has committed \$575 million in aid to Iraq in the form of \$135 million in grants and \$440 million in soft loans, to be administered by the Kuwait Fund for Arab Economic Development. To date, only \$15 million has been disbursed which GOK officials attribute to the Iraqi delay in forming a permanent Government. With a Government now in place, the GOK is ready to proceed, albeit cautiously because they have not yet developed the trust and confidence in Planning Minister Baban that they had in Barham Salih when he was their primary contact for reconstruction projects. Nevertheless, GOK officials are hopeful that construction on a school project (\$30M grant) will begin by year's end. The Kuwait Fund is also considering a concessional loan for power sector development in Iraq's north.

Kuwait's Commercial Ties to Iraq

17. (U) Kuwait currently is a key logistics service center and builder for Iraq. In the area of logistics and supply chain support, Kuwait-based Public Warehouse Company was awarded a Primary Vendor Contract from DOD to supply perishables and foodstuffs for CENTCOM coalition forces in Iraq and Afghanistan. The value of the food delivery contract is in excess of USD 500 million per annum. Likewise KGL shipping also is in business delivering equipment and materiel to DOD both in Iraq and Kuwait. In support of U.S. forces in Iraq, Kuwait has positioned itself to be a leading depot-level maintenance, repair and upgrading facility for heavy transportation and construction equipment used by U.S. forces in Iraq. Both the Al-Bahar Group (upgrading, refurbishing and executing the overhaul of Caterpillar equipment used by the Army Corps of Engineers) and Global

Zone/Omar Al-Mutawa (upgrading and armoring of Humvees) have landed major contracts to support U.S. equipment used in the Iraq campaign.

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